

FILED

2017 MAR 30 AM 11:30

CLERK U.S. DISTRICT COURT
NORTHERN DISTRICT OF OHIO
CLEVELAND

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

UNITED STATES OF AMERICA,) CASE NO 1:17 CR 118
Plaintiff,) JUDGE **JUDGE GWIN**
v.) **MAG. JUDGE GREENBERG**
CRAIG MCGUIRE,) INFORMATION
Defendant.) Title 18, United States Code,
) Sections 371, 641 and 2

The U.S. Attorney charges:

COUNT 1

**(Conspiracy to Commit Theft Concerning Program Receiving Federal
Funds, 18 U.S.C. § 371)**

General Allegations

1. At all times material herein, R.R., not charged herein, served as an agent of the American Indian Education Center (“AIEC”) in his position as AIEC’s Executive Director. The AIEC conducted its activities, which focused on supporting Native Americans causes, in the Northern District of Ohio, Eastern Division. The AIEC was organized under the laws of the State of Ohio as a non-profit corporation on January 12, 1995.

2. At all times material herein, Defendant CRAIG MCGUIRE (“MCGUIRE”) operated his own company known as McGuire & Associates, L.L.C. (“McGuire & Associates”), for the purpose of writing applications for grants and providing evaluation services paid with funds derived from a grant. Title 45 of the Code of Federal Regulations, § 74.43, governing

Federal Procurement Standards, prohibited MCGUIRE and McGuire & Associates, as a grant writer, from receiving compensation arising from a grant for evaluation and other professional services.

3. At all times material herein, the Substance Abuse and Mental Health Services Administration (“SAMHSA”), a component of the United States Department of Health and Human Services, was a Federally funded agency charged with providing programs and services to individuals suffering or at risk for addictive and mental disorders.

4. In early 2011, SAMHSA announced a grant titled “Circles of Care” offered through its Center for Mental Health Services to provide Native American communities with the tools and resources to design programs to support mental health and wellness for children and families. Applications for the “Circles of Care” grant were due on May 31, 2011.

The Conspiracy

5. From in or around April 2011 through in or around March 2013, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant CRAIG MCGUIRE and R.R. knowingly and intentionally did combine, conspire, confederate and agree together and with each other to violate the laws of the United States, to wit: theft concerning programs receiving Federal funds, in violation of Title 18, United States Code, Section 666(a)(1)(A).

Object of the Conspiracy

6. The object of the conspiracy was to enrich Defendant MCGUIRE and R.R. by: (1) embezzling, stealing, obtaining by fraud and otherwise without authority knowingly converted to their personal use and intentionally misappropriating, property that was valued at \$5,000.00 or more and (2) was owned by, and was under the care, custody, and control of AIEC, an organization which received benefits in excess of \$10,000.00, during the Federal fiscal years 2012 (October 1, 2011, through September 30, 2012) and 2013 (October 1, 2012, through September 30, 2013) under a Federal program involving a grant, contract, subsidy, loan, guarantee, insurance, and other form of Federal assistance.

Manner and Means

Among the manner and means by which Defendant CRAIG MCGUIRE and R.R. carried out the conspiracy were the following:

7. On or about April 25, 2011, R.R., as Executive Director of AIEC, entered into an “Ongoing Grant Writing Agreement” with McGuire & Associates to “draft grant proposals on an ongoing basis on behalf of AIEC to be submitted to various public or private agencies offering grant funding for projects, . . .” The Ongoing Grant Writing Agreement provided that McGuire & Associates was not to receive any compensation unless a grant was awarded. Upon a grant being awarded, “AIEC agree[d] to enter into a separate Professional Services Agreement for evaluation or other professional services . . .” The Ongoing Grant Writing Agreement also gave McGuire & Associates authority to sign and submit grant applications on behalf of AIEC.

8. From in or around May 2011 through in or around October 2013, AIEC maintained several bank accounts at the Huntington National Bank to facilitate its business activity: an account ending in #3674 (“payroll account”); an account ending in No. 3629 where SAMHSA grants were deposited (“recipient account”); and, an account ending in No. 8246 (“operating account”).

9. On or about May 31, 2011, MCGUIRE, as directed by R.R., submitted Form SF-424, an Application for Federal Assistance, on behalf of AIEC to receive a “Circle of Care” grant from SAMHSA which MCGUIRE prepared. R.R. and MCGUIRE then knew AIEC’s application contained numerous false statements including: (1) AIEC had a Wellness Department that provided direct services to youth and their families, and a “Positive Paths” after school program serving 500 children, (2) certain individuals were purportedly employed by AIEC, (3) the description of AIEC’s building and physical amenities, and (4) T.J., not charged herein, was the Project Coordinator.

10. On or about September 1, 2011, SAMHSA awarded the “Circles of Care” grant to AIEC in the amount of approximately \$302,340.00 for the 2012 Federal fiscal year.

11. On or about October 24, 2011, SAMHSA wired approximately \$14,600.00 into the AIEC's recipient account.

12. From on or about October 24, 2011, through on or about September 30, 2012, SAMHSA sent approximately 61 wire transfers to AIEC's recipient account, totaling approximately \$301,888.00. AIEC then distributed approximately \$164,364.00 of these funds to its payroll account and approximately \$96,081.03 of these funds to its operating account. After a SAMHSA's wire transfer posted in AIEC's recipient account, R.R. routinely and quickly transferred the funds to the payroll and operating accounts.

13. From on or about October 24, 2011, through on or about September 30, 2012, MCGUIRE converted approximately \$60,400 to his personal use from the SAMHSA wire transfers referenced in paragraph 12 above.

14. From on or about October 24, 2011, through on or about September 30, 2012, R.R. converted approximately \$47,257.49 to his personal use from the SAMHSA wire transfers referenced in paragraph 12 above.

15. On or about June 26, 2012, SAMHSA awarded the second year of the "Circles of Care" grant to AIEC in the amount of \$308,040.00 for the 2013 Federal fiscal year.

16. From on or about October 1, 2012, through on or about September 30, 2013, AIEC received partial funding for 2013 of approximately \$181,878.30. AIEC did not receive full funding as SAMHSA placed AIEC in a "high risk" status.

17. From on or about October 1, 2012, through on or about September 30, 2013, MCGUIRE converted approximately \$46,206.00 to his personal use from SAMHSA's funding described in paragraph 16 above.

18. From on or about October 1, 2012, through on or about September 30, 2013, R.R. converted approximately \$29,840.06 to his personal use from SAMHSA's funding described in paragraph 16 above.

19. On several occasions, R.R. caused AIEC to pay R.R. as a Project Coordinator for the “Circles of Care” which was precluded by regulation, in that he worked full-time as AIEC’s Executive Director and was not identified as Project Coordinator in the application for “Circles of Care” grant.

20. From in or around October 2011 through in or around March 2013, Defendant MCGUIRE and R.R. embezzled approximately \$183,703.55 from the SAMHSA grants.

Overt Acts

In furtherance of the conspiracy and to effect its unlawful objects, MCGUIRE and R.R., committed the following overt acts, among others, in the Northern District of Ohio, Eastern Division, and elsewhere:

21. On or about May 31, 2011, MCGUIRE submitted Form SF-424, under R.R.’s direction and review, an Application for Federal Assistance, on behalf of AIEC to receive a “Circle of Care” grant from SAMHSA which MCGUIRE prepared.

22. On or about October 26, 2011, R.R. caused AIEC to issue check No. 2013 in the amount of approximately \$2,101.98 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

23. On or about November 3, 2011, R.R. caused AIEC to issue check No. 1003 in the amount of approximately \$1,474.95 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

24. From on or about November 10, 2011, through on or about November 15, 2011, MCGUIRE caused McGuire & Associates to enter into a Contract for Evaluation Services, specifically referencing the Circles of Care Grant, with AIEC “to provide evaluation services to provide an annual evaluation report that summarizes data collected and analyzed on outcomes for the duration of the grant-funded project.” McGuire & Associates professional fees were set as 15% of the annual project budget (“15% contract”).

25. From on or about November 10, 2011, through on or about November 15, 2011, R.R. signed a form waiving any conflict of interest arising from the 15% contract with McGuire & Associates on behalf of AIEC and signed the Contract for Evaluation Services as Executive Director of AIEC.

26. On or about November 15, 2011, MCGUIRE caused McGuire & Associates entered to entered into a Contract for Monitoring and Reporting Services, specifically referencing the Circles of Care Grant, with AIEC “to provide monitoring and reporting services for the duration of the grant-funded project.” McGuire & Associates professional fees were set as 5% of the annual project budget (“5% contract”).

27. On or about November 21, 2011, MCGUIRE caused McGuire & Associates to present statements to AIEC and R.R. requesting payment of \$22,650.00 for “Project Evaluation Services” regarding the “CoC Project” and requesting payment of \$7,550.00 for “CoC Monitoring and Reporting Services.”

28. On or about November 28, 2011, R.R. caused AIEC to issue check No. 2229 in the amount of approximately \$2,101.98 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

29. On or about December 1, 2011, R.R. signed check Nos. 1040 and 1041 drawn on AIEC’s operating account made payable to McGuire & Associates in the amounts of \$22,650.00 and \$7,550.00, respectively, in payment of McGuire & Associates’ statements of November 21, 2011.

30. On or about December 9, 2011, R.R. caused AIEC to issue check No. 2237 in the amount of approximately \$2,101.98 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

31. On or about December 22, 2011, R.R. caused AIEC to issue check No. 2244 in the amount of approximately \$2,101.98 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

32. On or about December 22, 2011, MCGUIRE caused McGuire & Associates to present statements to AIEC and R.R. requesting payment of \$11,325.00 for "Project evaluation services" regarding the "CoC Project Year 1 payment 2 of 3 per contract" (Invoice No. 487) and requesting payment of \$3,775.00 for "Circles of Care Monitoring and Reporting" (Invoice No. 488).

33. On or about January 5, 2012, R.R. caused AIEC to issue check No. 2253 in the amount of approximately \$2,107.07 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

34. On or about January 17, 2012, R.R. signed check Nos. 1021 and 1022 drawn on AIEC's recipient account made payable to McGuire & Associates in the amounts of \$3,775.00 and \$11,325.00 respectively, check No. 1021 noting "invoice 488" and check No. 1022 noting "invoice 487" in payment of McGuire & Associates' statements of December 22, 2011.

35. On or about January 20, 2012, R.R. caused AIEC to issue check No. 2260 in the amount of approximately \$2,107.07 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

36. On or about February 2, 2012, R.R. caused AIEC to issue check No. 2268 in the amount of approximately \$2,107.07 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

37. On or about February 17, 2012, R.R. caused AIEC to issue check No. 2275 in the amount of approximately \$2,107.07 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

38. On or about March 2, 2012, R.R. caused AIEC to issue check No. 2282 in the amount of approximately \$2,107.07 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

39. On or about March 9, 2012, MCGUIRE caused McGuire & Associates to present statements to AIEC and R.R. requesting payment of \$10,000.00 for "CoC Process Evaluation."

40. On or about March 13, 2012, R.R. signed check No. 1042 drawn on AIEC's recipient account made payable to McGuire & Associates in the amount of \$10,000.00 regarding McGuire & Associates' statement of March 9, 2012.

41. On or about March 16, 2012, R.R. caused AIEC to issue check No. 2290 in the amount of approximately \$2,107.07 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

42. On or about March 30, 2012, R.R. caused AIEC to issue check No. 2309 in the amount of approximately \$2,248.23 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

43. On or about April 13, 2012, R.R. caused AIEC to issue check No. 2317 in the amount of approximately \$2,248.22 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

44. On or about April 27, 2012, R.R. caused AIEC to issue check No. 2325 in the amount of approximately \$2,248.23 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

45. On or about May 11, 2012, R.R. caused AIEC to issue check No. 2333 in the amount of approximately \$2,248.22 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

46. On or about May 24, 2012, R.R. caused AIEC to issue check No. 2347 in the amount of approximately \$2,248.22 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

47. On or about June 1, 2012, R.R. caused AIEC to issue check No. 2350 in the amount of approximately \$2,248.23 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the "Circle of Care" grant.

48. On or about June 20, 2012, R.R. caused AIEC to issue check No. 2360 in the amount of approximately \$2,248.22 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

49. On or about June 20, 2012, MCGUIRE caused McGuire & Associates to present statements to AIEC and R.R. requesting payment of \$1,325.00 for “CoC project” and “Process evaluation” regarding the “Year 1 payment 3 of 3” (Invoice No. 505) and requesting payment of \$3,775.00 for “CoC Project” and “Monitoring and Reporting” for “Year 1 payment 3 of 3” (Invoice No. 506).

50. On or about July 26, 2012, R.R. signed check No. 1096 drawn on AIEC’s operating account made payable to McGuire & Associates in the amount of \$5,100.00 representing the total amount billed from McGuire & Associates’ statements of June 20, 2012, noting “Inv 505 & 506”.

51. On or about July 2, 2012, R.R. caused AIEC to issue check No. 2368 in the amount of approximately \$2,248.23 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

52. On or about July 17, 2012, R.R. caused AIEC to issue check No. 2376 in the amount of approximately \$2,248.22 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

53. On or about August 2, 2012, R.R. caused AIEC to issue check No. 20670680 in the amount of approximately \$2,248.22 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

54. On or about August 10, 2012, R.R. caused AIEC to issue check No. 2392 in the amount of approximately \$2,648.06 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

55. On or about August 30, 2012, R.R. caused AIEC to issue check No. 2402 in the amount of approximately \$2,648.05 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

56. On or about September 12, 2012, R.R. caused AIEC to issue check No. 2410 in the amount of approximately \$2,648.06 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

57. On or about September 26, 2012, R.R. caused AIEC to issue check No. 2418 in the amount of approximately \$2,648.05 and check No. 2419 in the amount of approximately \$1,426.04 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

58. On or about October 8, 2012, MCGUIRE caused McGuire & Associates to present a statement to AIEC and R.R. requesting payment of \$23,100.00 for “CoC Grant, Year 2 payment 1 of 3 per contract, project evaluation on ongoing consultation.”

59. On or about October 11, 2012, R.R. caused AIEC to issue check No. 2432 in the amount of approximately \$4,877.02 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

60. On or about October 16, 2012, R.R. signed check No. 1121 drawn on AIEC’s operating account made payable to McGuire & Associates in the amount of approximately \$23,100 representing the total amount billed from McGuire & Associates’ statement (Invoice #538) of October 8, 2012 noting “COC Year 2 pmt 1 of 3”.

61. On or about October 24, 2012, R.R. caused AIEC to issue check No. 2441 in the amount of approximately \$1,330.09 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

62. On or about November 15, 2012, R.R. caused AIEC to issue check No. 2449 in the amount of approximately \$1,330.09 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

63. On or about November 20, 2012, R.R. caused AIEC to issue check No. 2462 in the amount of \$1,402.79 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

64. On or about December 5, 2012, R.R. caused AIEC to issue check No. 2481 in the amount of approximately \$1,402.79 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

65. On or about December 21, 2012, R.R. caused AIEC to issue check No. 2494 in the amount of approximately \$1,402.78 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

66. On or about January 4, 2013, R.R. caused AIEC to issue check No. 2505 in the amount of approximately \$1,295.48 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

67. On or about January 17, 2013, R.R. caused AIEC to issue check No. 2515 in the amount of approximately \$1,295.48 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

68. On or about January 28, 2013, R.R. caused AIEC to issue check No. 1156 drawn on AIEC’s operating account made payable to McGuire & Associates in the amount of approximately \$23,106.00 representing an apparent duplicate payment for the total amount billed from McGuire & Associates’ statement (Invoice #538) of October 8, 2012, noting “COC Final Payment”.

69. On or about February 1, 2013, R.R. caused AIEC to issue check No. 2538 in the amount of approximately \$1,295.47 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

70. On or about February 13, 2013, R.R. caused AIEC to issue check No. 2541 in the amount of approximately \$1,295.48 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

71. On or about February 28, 2013, R.R. caused AIEC to issue check No. 2565 in the amount of approximately \$1,013.60 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

72. On or about March 14, 2013, R.R. caused AIEC to issue check No. 2582 in the amount of approximately \$1,013.61 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

73. On or about March 27, 2013, R.R. caused AIEC to issue check No. 2587 in the amount of approximately \$1,013.61 from its payroll account to R.R. as compensation for serving as the Project Coordinator for the “Circle of Care” grant.

All in violation of Title 18, United States Code, Section 371.

The U.S. Attorney charges:

COUNT 2
(Theft of Government Funds, 18 U.S.C. § 641)

1. Paragraphs 1 through 3 of the General Allegations section of Count 1 are re-alleged and incorporated by reference as if fully set forth herein.

2. From on or about December 1, 2011, through on or about July 26, 2012, in the Northern District of Ohio, Eastern Division, Defendant CRAIG MCGUIRE did steal, purloin, and knowingly convert to his use and the use of others, approximately \$60,400.00 of the United States and of any department and agency thereof.

All in violation of Title 18, United States Code, Sections 641 and 2.

The U.S. Attorney charges:

COUNT 3
(Theft of Government Funds, 18 U.S.C. § 641)

1. Paragraphs 1 through 3 of the General Allegations section of Count 1 are re-alleged and incorporated by reference as if fully set forth herein.

2. From on or about October 16, 2012, through on or about January 28, 2013, in the Northern District of Ohio, Eastern Division, Defendant CRAIG MCGUIRE did steal, purloin, and knowingly convert to his use and the use of others, approximately \$46,206.00 of the United States and of any department and agency thereof.

All in violation of Title 18, United States Code, Sections 641 and 2.

A TRUE BILL.

Original document - Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.

United States v. Craig McGuire

A TRUE BILL.

FOREPERSON

DAVID A. SIERLEJA
Acting United States Attorney

By:

Ann C. Rowland
Ann C. Rowland
Chief, Major Fraud and Corruption Unit